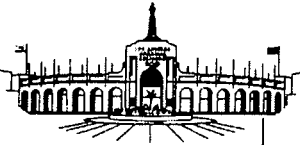


OFFICERS DAVID ISRAEL PRESIDENT DON KNABE VICE PRESIDENT JOHN SANDBROOK INTERIM GENERAL MANAGER		SITE OF 1932 AND 1984 OLYMPICS ATHLETICS COMPETITION OPENING & CLOSING CEREMONIES		SITE OF 1984 OLYMPICS BOXING COMPETITION	STATE OF CALIFORNIA DAVID ISRAEL RICK CARUSO WILLIAM CHADWICK FABIAN R. WESSON ALTERNATE	COUNTY OF LOS ANGELES DON KNABE MARK RIDLEY-THOMAS ZEV YAROSLAVSKY MICHAEL D. ANTONOVICH ALTERNATE	CITY OF LOS ANGELES BERNARD C. PARKS BARRY A. SANDERS JOHNATHAN WILLIAMS TOM LABONGE JILL WERNER ALTERNATES
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*Introduction by
Commissioners Israel, Knabe
and Williams*

*Presentation by
Mr. Volpert, Mr. Heintz
And Mr. Sandbrook*

YEAR:	2011
MEETING:	December 7
SESSION:	CLOSED

ITEM 1-X

TITLE:

REAL PROPERTY NEGOTIATIONS / USC-COLISEUM COMMISSION LEASE

1. PRESENTATION AND RECOMMENDATION OF TERM SHEET
2. POSSIBLE INSTRUCTIONS TO LEGAL COUNSEL TO PREPARE A REVISED USC-COLISEUM COMMISSION LEASE AGREEMENT FOR CONSIDERATION AND ACTION AT THE MEETING OF JANUARY 11, 2012.

SUMMARY:

The Commission's negotiating team (Commissioners Israel, Knabe, Williams) have concluded the discussions with USC that were authorized by the Commission at its meeting of September 7 to modify the existing lease of May 14, 2008 between the Coliseum Commission and USC regarding:

- a) USC's acceptance of an arrangement under which the Coliseum would: (i) continue to be owned as a public facility by the Coliseum Commission, a Joint Power Authority (representing the State of California, the County of Los Angeles and the City of Los Angeles); but (ii) be operated by USC in a manner consistent with the public benefit objectives set forth in the Coliseum Commission's lease through December 31, 2054 with the State of California for the Coliseum, with certain allowances for the Commission to sponsor a limited number of events by non-profit organizations in the Coliseum each year;
- b) USC's assumption of the responsibility (including personnel and financial obligations) for the long-term management of the Coliseum for rental to University departments and to third parties;
- c) USC's commitment to undertake, at its cost, a comprehensive series of specific capital improvements as a Coliseum Centennial Capital Program for the repair and improvement of the Coliseum by December 2021, the 100th anniversary of the Coliseum; USC would include this Coliseum capital program as part of The Campaign for USC, the overall \$6 billion University fundraising initiative launched in September 2011, with a target completion date of September 2018.
- d) USC's commitment to operate the Coliseum and to be responsible for its long-term general upkeep through annual allocations, after 2021, to a Coliseum capital reserve fund; the level of upkeep and maintenance/repair of the Coliseum would be at a level not less than that applied by USC to its University-owned facilities on the University Park campus for its academic departments and administrative units;
- e) USC's agreement to manage the Sports Arena and, at its option, to redevelop that property in a manner consistent with the public benefit objectives set forth in the Coliseum Commission's lease with the State of California for the Sports Arena; if no redevelopment is achieved within two years, USC would then have the option to provide 180-day notice to the Commission that it would no longer operate the Sports Arena, in which case either: (i) management of the building would either be returned to the Coliseum Commission; or (ii) the building would be closed;
- f) USC's agreement to guarantee financial payments to meet the Commission's annual obligations to the State of California for its leases for the Coliseum and Sports Arena as well as other obligations of the Coliseum Commission, such as retiree health insurance premiums.

As also authorized by the Commission on September 7, the law firm of Munger, Tolles and Olson (Mr. Richard Volpert and Mr. Jeffrey Heintz) has provided assistance during these discussions to the Commission negotiating team, Commission legal counsel and interim General Manager Sandbrook. USC's negotiation team has been comprised of Senior Vice President Todd Dickey, Vice President Kristina Raspe and Ms. Carol Dillon, outside counsel from the firm of Bingham McCutchen.

I. Negotiating Period and Activities

The 75-day negotiating period agreed to by USC and the Commission began on September 28 and will expire on Monday, December 12, 2011. Eight negotiation meetings were held, the first on September 28 and the last on November 28.

During the negotiations, the Coliseum staff provided to USC a total of three comprehensive binders of background information covering existing contracts and legal agreements as well as current operating and financial information. The capital improvements information was derived from the ISES Facility Conditions Report, provided by USC to the Commission in July 2011 as an update to the report originally submitted by USC to the Commission in February 2007. The ISES Report was subsequently evaluated in August 2011 by the Bentley Management Group, under contract to the Commission. The summary of the capital improvements data was then provided to the Commission in the Coliseum Centennial Campaign Program report presented to the Commission at its meeting of September 7, 2011.

Following the consideration of the Term Sheet at today's meeting, the negotiating team recommends that the full Commission proceed with instructions to legal counsel to prepare transaction documents, including a revised USC-Coliseum Commission lease agreement, based on the Term Sheet that describes the 14 major categories of "deal points" reached during the eight negotiation meetings. The Commission's legal counsel (Office of County Counsel and Office of City Attorney) have already reviewed the proposed Term Sheet.

II. USC Review and Approval

The USC representatives have informed the Commission's negotiating team that the Executive Committee and the Finance Committees of the USC Board of Trustees have already endorsed this Term Sheet and are recommending it to the full Board of Trustees for approval.

III. State of California Review

Since the proposed modifications to the USC-Coliseum lease are based on the Coliseum Commission's leases with the State of California, this Term Sheet is also being provided to the Secretary of the California State and Consumer Services Agency, Ms. Anna Caballero, whose responsibilities include, in general, Exposition Park and, in particular, the administration of the two leases between the Coliseum Commission and the State of California regarding the properties on which the Coliseum and the Sports Arena are located.

USC is also conducting separate negotiations with Secretary Caballero regarding the possible transfer to USC of year-round responsibility for the operation of the parking lots (but not the parking structures) in Exposition Park. Secretary Caballero requested the Term Sheet so that she can review it with other State agencies and then confer with the Office of the Governor to ensure that the State of California has no concerns about either the modified USC-Coliseum lease or the USC-State/Exposition Park parking lease.

IV. Suggested Next Steps

The negotiation team recommends that, based on this Term Sheet, Coliseum Commission legal counsel and staff be instructed to complete the preparation (with USC legal counsel and staff) of the revised lease agreement and related documents by Friday, December 30, 2011 in advance of the next Commission regularly-scheduled meeting of January 11, 2012.

On Wednesday, January 4, 2012, the proposed lease agreement document would then be: (a) distributed to the Commission, (b) posted on the Commission's website, and (c) otherwise made available to members of the public for review during the seven-day period prior to the presentation of the new lease agreement for consideration by the Coliseum Commission at its regularly scheduled meeting of January 11, 2012. Public comment on the terms of the proposed new lease agreement between USC and the Coliseum Commission would then be received by the Commission at the meeting of January 11.

During the meeting of December 7, Commission President Israel will discuss with the possibility of a public announcement being made, in conjunction with USC, announcing the Commission's desire to proceed with the development of the formal lease agreement.

V. Proposed Effective Date

The proposed effective date of the new lease agreement is April 1, 2012.

This binder contains the following documents in support of Agenda Item 1-X:

- TAB 1 -- The narrative description, with background information, for each of the 14 items in the Term Sheet.
- TAB 2 --The Term Sheet, as recommended by the Commission's negotiating team.
- TAB 3 -- The schedule of capital improvements to be completed by USC
- TAB 4 --The Q&A document prepared by interim General Manager Sandbrook providing background information about the Term Sheet and its ramifications for the Coliseum Commission.
- TAB 5 -- The list of events held at the Coliseum in 2009, 2010 and YTD in 2011.
- TAB 6 -- A property map of Exposition Park for 2011.
- TAB 7 -- A short history of the early years of Agricultural Park and its transformation to Exposition Park nearly 100 years ago.
- TAB 8 -- Information about the Campaign for USC fundraising initiative, in which, should the modifications to the lease agreement, the capital improvement program for the Coliseum would be included.